

PROGRAM NARRATIVE**405 Industrial Commission****Date:** 01/13/2011**Time:** 11:29:46**Program:** Administration**Reporting level:** 00-405-100-00-00-00-00-00000000**Program Performance Measures**

Under the Lignite Research Development and Marketing Program funding was provided for lignite research projects including two Lignite Vision 21 projects--Great Northern Power Development and Spiritwood. Funding has also been committed to the American Lignite Energy Coal-to-Liquids Project although no funds were disbursed during the 09-11 biennium.

The North Dakota Building Authority provided continuing disclosure for all outstanding bond issues and evaluated whether it was economic to refund any outstanding bond issues. A bond issue for the Veterans Home is currently being prepared.

The Administrative Office met the continuing disclosure requirements for the Student Loan Trust.

The Administrative Office assisted with the Transmission Authority and the Upper Great Plains Transmission Coalition.

The Administrative Office assisted with the Oil and Gas Research Program and the Renewable Energy Development Program and is responsible for the contract management of the projects awarded funding. Currently, these programs have over 30 on-going projects..

The Pipeline Authority has been working with numerous oil and gas companies along with the pipeline companies to assist in the construction of pipelines. A number of pipeline projects are either under construction or are being planned. The Administrative Office is responsible for the contract management for the Pipeline Authority.

During the 2009-2011 biennium, the Administrative Office was also responsible for the allocation of Recovery Zone Bond Allocations.

Program Statistical Data

The Commission averages between 15 and 20 meetings a year dealing with all areas of the Commission's responsibilities. The Commission's Executive Director participates in all Lignite Research Council, Oil and Gas Research Council and Renewable Energy Council meetings.

The Building Authority has \$94,560,000 of bonds outstanding as of June 30, 2010.

As of June 30, 2010, the Student Loan Trust has \$14,200,000 of bonds outstanding.

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Since 1987, the Lignite Research Program has invested approximately \$60 million in over 200 research, development and marketing projects. Matching dollars and in-kind services of over \$500 million have been committed to these projects.

As of October 1, 2010, the Industrial Commission funded renewable energy projects through the Renewable Energy Development totaling just under \$5 million. Matching dollars and in-kind services of nearly \$7 million have been committed to these projects.

Explanation of Program Costs

All funding of the Oil and Gas Research Program comes from dollars held in the Oil and Gas Research Fund. All grants are matched with either private or federal funding or in-kind services. No General Fund dollars are used for the Oil and Gas Research Program. As the Oil and Gas Research Program has a continuing appropriation, its funding is not reflected in the Industrial Commission budget. Reference to this program has been included in the discussion of the Industrial Commission budget since the Industrial Commission administers the funding for this Program.

All funding of the Lignite Research, Development and Marketing Program comes from dollars held in the Lignite Research Fund. The funding sources are a \$.02 per ton severance tax and a percentage of the Coal Trust Fund along with interest income. During the 2007-2009 biennium, additional funds were authorized from the coal conversion tax and that funding source has continued through the 2009-2011 and 2011-2013 biennia. The Program also receives income from its investment in the Dakota Gasification Plant. The appropriation for the Lignite Research Program is used for the administration of the program, marketing and environmental studies and research projects. All grants are matched with either private or federal funding. No General Fund dollars are used for the Lignite Research program.

The funding for the Renewable Energy Program is from the General Fund. The contract administration of these programs is handled by the Industrial Commission administrative office.

The appropriation for lease/loan-bond payments for outstanding North Dakota Building Authority bonds is found in the Industrial Commission Administrative Office budget. Each agency that has benefited from a Building Authority financing is billed for their portion of the debt service payments. The Administrative Office appropriation reflects these dollars as special fund receipts whether they come from the General Fund or other funding sources.

All funding for the administrative office of the Industrial Commission comes from the entities which report to the Commission—the Bank of North Dakota, Housing Finance Agency, State Mill, Public Finance Authority, Student Loan Trust, Lignite Research Program, Oil and Gas Research Program and the Renewable Energy Development Program. .

PROGRAM NARRATIVE**405 Industrial Commission****Date:** 01/13/2011**Time:** 11:29:46**Program:** Administration**Reporting level:** 00-405-100-00-00-00-00000000**Program Goals and Objectives**

To provide ongoing coordination of the responsibilities of the Industrial Commission.

To provide financial advisory services to the various entities under the Industrial Commission jurisdiction.

Impact national oil and gas energy policy through the State's active participation in the Interstate Oil and Gas Compact Commission.

To set overall policies and goals for the Bank of North Dakota, Department of Mineral Resources, Housing Finance Agency, State Mill, Lignite Research, Development and Marketing Program, Public Finance Authority, North Dakota Student Loan Trust, Guaranteed Student Loan Agency, Oil and Gas Research Program, Farm Finance Agency, North Dakota Transmission Authority, North Dakota Pipeline Authority, and Renewable Energy Development Program.

Directly administer the bonding programs for the North Dakota Building Authority, Student Loan Trust and if needed, Lignite Research Program, Transmission Authority and the Pipeline Authority.

Under the Student Loan Trust, provide a secondary market for student loans and provide borrower incentives that are passed on to North Dakota student loan borrowers.

Under the Lignite Research Program, provide financial assistance to encourage research, development, education and marketing of lignite and products derived from lignite and to encourage research on land reclamation projects and processes that continue the high quality of life currently available in North Dakota.

Under the Oil and Gas Research Program, promote the growth of the oil and gas industry through research and education by providing matching funds for projects that meet the mission of the Program.

Through the Transmission Authority serve as a catalyst for developing transmission in North Dakota, offer an alternative source of financing, partner with investors and transmission providers, foster the development of transmission corridors and serve as a transmission developer--to be a builder of last resort.

Through the Pipeline Authority serve as a catalyst for developing pipeline infrastructure in North Dakota, partner with investors and pipeline providers and serve as a pipeline developer--to be a builder of last resort.

Through the Renewable Energy Program provide financial assistance to encourage, research and development of renewable energy sources.

PROGRAM NARRATIVE**405 Industrial Commission****Date:** 01/13/2011**Time:** 11:29:46**Program:** Administration**Reporting level:** 00-405-100-00-00-00-00-00000000

REQUEST DETAIL BY PROGRAM

405 Industrial Commission

Bill#: HB1014

Date: 01/13/2011

Biennium: 2011-2013

Time: 11:29:46

Program: Administration	Reporting Level: 00-405-100-00-00-00-00000000
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Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Request 2011-2013
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Salaries and Wages

Salaries - Permanent	198,702	250,044	595	250,639	36,879
Fringe Benefits	66,013	101,499	(18,371)	83,128	26,394
Total	264,715	351,543	(17,776)	333,767	63,273

Salaries and Wages

General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	264,715	351,543	(17,776)	333,767	63,273
Total	264,715	351,543	(17,776)	333,767	63,273

Operating Expenses

Travel	21,641	26,200	9,800	36,000	0
Supplies - IT Software	1,782	3,000	450	3,450	0
Supply/Material-Professional	1,352	2,300	0	2,300	0
Bldg, Ground, Maintenance	44	50	0	50	0
Miscellaneous Supplies	5	250	0	250	0
Office Supplies	1,377	2,000	300	2,300	0
Postage	430	500	75	575	0
Printing	3,340	3,000	450	3,450	0
IT Equip Under \$5,000	3,397	7,000	0	7,000	0
Insurance	316	250	0	250	0
Rentals/Leases - Bldg/Land	12,389	12,000	0	12,000	0
Repairs	30	0	0	0	0
IT - Data Processing	3,286	16,000	2,400	18,400	0
IT - Communications	2,322	2,200	330	2,530	0
IT Contractual Svcs and Rprs	266	170	0	170	0
Professional Development	18,160	20,000	5,000	25,000	0
Operating Fees and Services	1,180	2,700	0	2,700	0
Fees - Professional Services	15,520	16,170	3,000	19,170	0
Total	86,837	113,790	21,805	135,595	0

Operating Expenses

General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	86,837	113,790	21,805	135,595	0
Total	86,837	113,790	21,805	135,595	0

Grants

REQUEST DETAIL BY PROGRAM

405 Industrial Commission

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Biennium: 2011-2013

Program: Administration		Reporting Level: 00-405-100-00-00-00-00000000			
Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Request 2011-2013
Grants, Benefits & Claims	8,654,871	19,916,391	0	19,916,391	0
Transfers Out	0	54,909	0	54,909	0
Total	8,654,871	19,971,300	0	19,971,300	0
Grants					
General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	8,654,871	19,971,300	0	19,971,300	0
Total	8,654,871	19,971,300	0	19,971,300	0
Grants-Fossil Excavation					
Transfers Out	250,000	0	0	0	0
Total	250,000	0	0	0	0
Grants-Fossil Excavation					
General Fund	250,000	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	250,000	0	0	0	0
Bond Payments					
Transfers Out	28,268,350	27,441,865	(2,102,739)	25,339,126	0
Total	28,268,350	27,441,865	(2,102,739)	25,339,126	0
Bond Payments					
General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	28,268,350	27,441,865	(2,102,739)	25,339,126	0
Total	28,268,350	27,441,865	(2,102,739)	25,339,126	0
State Facility Lignite Proj					
Grants, Benefits & Claims	0	400,000	(400,000)	0	0
Total	0	400,000	(400,000)	0	0
State Facility Lignite Proj					
General Fund	0	400,000	(400,000)	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0

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Biennium: 2011-2013

Program: Administration		Reporting Level: 00-405-100-00-00-00-00000000			
Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Request 2011-2013
Total	0	400,000	(400,000)	0	0
Biomass Incentive Research					
Professional Development	300	0	0	0	0
Transfers Out	30,000	0	0	0	0
Total	30,300	0	0	0	0
Biomass Incentive Research					
General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	30,300	0	0	0	0
Total	30,300	0	0	0	0
Renewable Energy Dev					
Transfers Out	3,000,000	3,000,000	(3,000,000)	0	5,000,000
Total	3,000,000	3,000,000	(3,000,000)	0	5,000,000
Renewable Energy Dev					
General Fund	3,000,000	3,000,000	(3,000,000)	0	5,000,000
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	3,000,000	3,000,000	(3,000,000)	0	5,000,000
Total Expenditures	40,555,073	51,278,498	(5,498,710)	45,779,788	5,063,273
Funding Sources					
General Fund					
Total	3,250,000	3,400,000	(3,400,000)	0	5,000,000
Special Funds					
297 Biomass Incentive Research Fund 297	30,300	0	0	0	0
305 Industrial Commission Fund 305	28,619,902	27,907,198	(2,098,710)	25,808,488	63,273
314 Lignite Research Fund 314	8,654,871	19,971,300	0	19,971,300	0
Total	37,305,073	47,878,498	(2,098,710)	45,779,788	63,273
Total Funding Sources	40,555,073	51,278,498	(5,498,710)	45,779,788	5,063,273

REQUEST DETAIL BY PROGRAM

405 Industrial Commission

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Date: 01/13/2011

Time: 11:29:46

Biennium: 2011-2013

Program: Administration		Reporting Level: 00-405-100-00-00-00-00000000			
Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Request 2011-2013
FTE Employees	2.00	2.31	0.00	2.31	0.69

CHANGE PACKAGE DETAIL

405 Industrial Commission

Bill#: HB1014

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Biennium: 2011-2013

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Program: Administration			Reporting Level: 00-405-100-00-00-00-00000000			
Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds

Base Budget Changes**One Time Budget Changes**

A-E 1 Removal of 09-11 Biennium One-Time		0.00	(3,400,000)	0	0	(3,400,000)
Total One Time Budget Changes		0.00	(3,400,000)	0	0	(3,400,000)

Ongoing Budget Changes

A-A 19 Adjustments to Bond Payments		0.00	0	0	(2,102,739)	(2,102,739)
A-A 6 Base Budget Changes		0.00	0	0	21,805	21,805
Base Payroll Change		0.00	0	0	(17,776)	(17,776)
Total Ongoing Budget Changes		0.00	0	0	(2,098,710)	(2,098,710)
Total Base Budget Changes		0.00	(3,400,000)	0	(2,098,710)	(5,498,710)

Optional Budget Changes**Ongoing Optional Changes**

A-C 25 Renewable Energy Development Program	9	0.00	5,000,000	0	0	5,000,000
A-C 26 .69 FTE Admin. Asst	15	0.69	0	0	63,273	63,273
Total Ongoing Optional Changes		0.69	5,000,000	0	63,273	5,063,273
Total Optional Budget Changes		0.69	5,000,000	0	63,273	5,063,273

PROGRAM NARRATIVE**405 Industrial Commission****Date:** 01/13/2011**Time:** 11:29:46**Program:** Geological Survey**Reporting level:** 00-405-300-01-00-00-00-00000000**Program Performance Measures**

For the past six years, the Geological Survey has consistently exceeded the goals set forth in its annual strategic plans.

PERMIT PROCESSING

The Geological Survey consistently issues coal exploration and geothermal permits within five business days of the day they are received. We had been issuing these permits within two or three days, but increased workload has increased this time period to between three and five days.

CORE AND SAMPLE LIBRARY

The Geological Survey provides same business day response for requests from industry to study core in our facility or to ship the core to an approved out-of-state facility. We have experienced record industry activity in the core and sample library in the past several years. In 2010, oil companies will likely drill more than 12 million feet in the Williston Basin of North Dakota, 24 times more drilling than was done in 1999. Cuttings and cores from this record level of activity are pouring into the core and sample library. The Survey has created an additional five years of storage space in the building by replacing damaged core boxes, discarding low-priority items, and rearranging archival materials. The facility would be full within the next couple of years had we not undertaken those measures. As it is, it will fill relatively quickly if we do not accelerate those programs.

OUTREACH-CUSTOMER SERVICE

The Geological Survey website currently provides access to over 500 articles and publications, 350 geologic maps, etc. for access by industry, government, and the general public.

The Geological Survey continues to provide a number of outreach activities (presentations, tours, fieldtrips, fossil excavations, rock and fossil displays, website material, etc.) on various aspects of North Dakota's geology.

Program Statistical Data

The core library has been used by industry to study over 38,350 feet of core during the first half of this biennium, 15% above the five-year average. The first 12 months of this biennium we photographed more than 9,500 feet of core and posted 12,000 photomicrographs to the ND Oil and Gas Division subscription website. These photographs have been used by our geologists and engineers as well as industry geologists and engineers to promote the North Dakota portion of the Williston Basin at regional and national meetings.

During the first 12 months of the current biennium, our geologists gave 89 presentations ranging from service clubs to professional conferences such as the Association of American Petroleum Geologists, Geological Society of America, Williston Basin Petroleum Conference & Expo, ND Petroleum Council, public fossil digs, tours of the paleontology lab, public meetings, and fieldtrips throughout North Dakota to 8,200 industry geologists and engineers, teachers, students, and other interested people.

Geological Survey employees answered more than 2,838 inquiries during the first half of the 2009-2011 biennium, equal to the five-year average. These inquiries came from industry, geotechnical consultants, state and federal agencies, municipalities, and citizens on a variety of topics such as shallow gas, oil activity (including the middle Bakken and Three Forks plays), uranium, coal, potash, diamonds, sand & gravel, fossils, meteorites, geologic hazards, geothermal, environmental reviews of transmission line corridors, etc.

PROGRAM NARRATIVE**405 Industrial Commission****Date:** 01/13/2011**Time:** 11:29:46**Program:** Geological Survey**Reporting level:** 00-405-300-01-00-00-00-00000000

Survey scientists reviewed the geology for 119 environmental assessments of transmission and pipeline corridors, highway and bridge construction, waste permits, coal mine permits and performed mineral and paleontological assessments on 1,225 tracts of State Land during the first half of this biennium. This was twice the assessments done two years ago.

The Geological Survey issued 188 coal exploration, geothermal, subsurface mineral, and paleontological resource assessment permits over the last twelve months. This is twice the number of permits issued in 2008 and eight times the number of permits issued in 2006. A total of 4,992 test holes or wells were drilled under these permits during this time period.

Explanation of Program Costs

The Geological Survey's requested budget is 98% general funds and 2% federal funds. Budget costs are primarily salary and benefits (81%). The federal funds have slightly increased over the current biennium.

The operating budget consists primarily of Lease/Rent (38%) for the Bismarck office and warehouse. Other items in our budget are indicative of the agency's role in providing services necessary to meet the objectives of collecting and disseminating geologic data, overseeing the regulatory aspects assigned to us and providing information as requested. The items of greater costs include travel (17%), primarily for fieldwork, and IT costs (22%) including Data Processing, Telephone, and Contractual Services. The Survey carries maintenance contracts on various drafting, GIS, and other specialized software programs.

Program Goals and Objectives

Goals for the Geological Survey are to provide detailed information on the surface and subsurface geology of North Dakota to citizens, industry, municipalities, and other state and federal agencies; to identify, collect and display important fossils of North Dakota; to efficiently administer regulatory programs; and to disseminate educational geologic material to the general public.

The objectives of the Geological Survey are to map the entire surface geology of the State of North Dakota at a scale of 1:24,000 and the subsurface at a scale of 1:100,000, to perform mineral assessments of areas of interest identified by industry, to expand the prehistoric life displays at the Heritage Center and exhibit dinosaur and Ice Age mammals at other localities around the State, to continue issuing regulatory permits in a timely fashion, to maximize space in our core and sample library by re-boxing cores, to photograph all oil core and thin sections for the ND Oil and Gas subscription site, to continue providing timely responses to industry requests for cores and samples, to provide additional opportunities for citizens of the state to participate in public fossil digs and other geo-tourism ventures, and to continue to participate in, and provide geologic information for, the oil and coal industry seminars for North Dakota science teachers.

PROGRAM NARRATIVE**405 Industrial Commission****Date:** 01/13/2011**Time:** 11:29:46**Program:** Geological Survey**Reporting level:** 00-405-300-01-00-00-00-00000000

REQUEST DETAIL BY PROGRAM**405 Industrial Commission****Bill#: HB1014****Date:** 01/13/2011**Biennium: 2011-2013****Time:** 11:29:46

Program: Geological Survey		Reporting Level: 00-405-300-01-00-00-00000000			
Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Request 2011-2013
Salaries and Wages					
Salaries - Permanent	1,428,908	1,948,223	(192,504)	1,755,719	331,112
Salaries - Other	0	0	0	0	348,956
Temporary Salaries	31,461	30,193	71,594	101,787	150,571
Overtime	288	1,611	(1,611)	0	0
Fringe Benefits	461,337	676,079	(37,676)	638,403	129,536
Reduction In Salary Budget	0	0	0	0	(188,173)
Total	1,921,994	2,656,106	(160,197)	2,495,909	772,002
Salaries and Wages					
General Fund	1,844,855	2,441,698	727	2,442,425	772,002
Federal Funds	77,139	43,150	10,334	53,484	0
Special Funds	0	171,258	(171,258)	0	0
Total	1,921,994	2,656,106	(160,197)	2,495,909	772,002
Operating Expenses					
Travel	106,816	175,427	(38,450)	136,977	129,300
Supplies - IT Software	24,951	19,425	1,275	20,700	15,000
Supply/Material-Professional	41,644	15,000	0	15,000	15,000
Food and Clothing	288	500	0	500	0
Bldg, Ground, Maintenance	9,782	5,000	0	5,000	0
Miscellaneous Supplies	18,288	18,150	(1,500)	16,650	6,000
Office Supplies	9,922	9,000	(500)	8,500	7,000
Postage	12,364	11,500	0	11,500	0
Printing	10,816	28,000	0	28,000	0
IT Equip Under \$5,000	14,645	24,320	(11,620)	12,700	17,620
Other Equip Under \$5,000	12,452	9,900	0	9,900	0
Office Equip & Furn Supplies	6,006	1,100	0	1,100	0
Utilities	7,705	10,900	0	10,900	0
Insurance	4,850	8,200	0	8,200	0
Rentals/Leases-Equip & Other	8,781	25,500	(5,000)	20,500	0
Rentals/Leases - Bldg/Land	218,426	234,931	7,000	241,931	0
Repairs	17,075	17,500	0	17,500	0
IT - Data Processing	39,040	45,669	(3,339)	42,330	8,000
IT - Communications	20,135	26,166	(1,978)	24,188	7,000
IT Contractual Svcs and Rprs	23,805	29,900	0	29,900	0
Professional Development	2,542	6,000	(500)	5,500	2,000
Operating Fees and Services	18,884	18,300	0	18,300	0
Fees - Professional Services	181	45,000	(34,500)	10,500	115,000

REQUEST DETAIL BY PROGRAM

405 Industrial Commission

Bill#: HB1014

Date: 01/13/2011

Biennium: 2011-2013

Time: 11:29:46

Program: Geological Survey		Reporting Level: 00-405-300-01-00-00-00000000			
Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Request 2011-2013
Medical, Dental and Optical	2,595	5,600	0	5,600	0
Total	631,993	790,988	(89,112)	701,876	321,920
Operating Expenses					
General Fund	631,797	757,080	(55,204)	701,876	321,920
Federal Funds	196	9,000	(9,000)	0	0
Special Funds	0	24,908	(24,908)	0	0
Total	631,993	790,988	(89,112)	701,876	321,920
Capital Assets					
Extraordinary Repairs	229,569	0	0	0	0
Equipment Over \$5000	7,657	23,669	(23,669)	0	0
IT Equip/Sftware Over \$5000	8,321	14,331	(14,331)	0	0
Total	245,547	38,000	(38,000)	0	0
Capital Assets					
General Fund	245,547	38,000	(38,000)	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	245,547	38,000	(38,000)	0	0
Total Expenditures	2,799,534	3,485,094	(287,309)	3,197,785	1,093,922
Funding Sources					
General Fund					
Total	2,722,199	3,236,778	(92,477)	3,144,301	1,093,922
Federal Funds					
R051 PSC Coal	8,000	7,778	8,196	15,974	0
R057 Statemap	51,692	26,057	(9,071)	16,986	0
R070 NCRDS-Coal	11,685	18,315	2,209	20,524	0
R072 B/Reclamation Paleo	958	0	0	0	0
R125 Data Preservation Program	5,000	0	0	0	0
Total	77,335	52,150	1,334	53,484	0
Special Funds					
493 Lands and Minerals Trust Fund 493F	0	196,166	(196,166)	0	0

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405 Industrial Commission

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Biennium: 2011-2013

Program: Geological Survey		Reporting Level: 00-405-300-01-00-00-00000000			
Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Request 2011-2013
Total	0	196,166	(196,166)	0	0
Total Funding Sources	2,799,534	3,485,094	(287,309)	3,197,785	1,093,922
FTE Employees	15.35	16.35	0.00	16.35	3.35

CHANGE PACKAGE DETAIL

405 Industrial Commission

Biennium: 2011-2013

Bill#: HB1014

Date: 01/13/2011

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Program: Geological Survey			Reporting Level: 00-405-300-01-00-00-00000000			
Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds

Base Budget Changes

One Time Budget Changes

A-E 1 Removal of 09-11 Biennium One-Time		0.00	(69,150)	0	(24,908)	(94,058)
Total One Time Budget Changes		0.00	(69,150)	0	(24,908)	(94,058)

Ongoing Budget Changes

A-A 2 Base Budget Changes to Meet 100%		0.00	116,912	0	0	116,912
A-A 4 Funding Source Change		0.00	9,000	(9,000)	0	0
A-F 3 Remove 09-11 Biennium Capital Assets		0.00	(38,000)	0	0	(38,000)
Base Payroll Change		0.00	(111,239)	10,334	(171,258)	(272,163)
Total Ongoing Budget Changes		0.00	(23,327)	1,334	(171,258)	(193,251)
Total Base Budget Changes		0.00	(92,477)	1,334	(196,166)	(287,309)

Optional Budget Changes

One Time Optional Changes

A-D 21 Proppant Study	13	0.00	50,000	0	0	50,000
A-D 22 Shallow Gas Study	17	0.00	25,000	0	0	25,000
A-D 24 Analysis of Oil-Bearing Rocks	18	0.00	40,000	0	0	40,000
A-D 23 Paleontologic Prep work	19	0.00	62,400	0	0	62,400
Total One Time Optional Changes		0.00	177,400	0	0	177,400

Ongoing Optional Changes

A-C 7 Restoration/Inflation	1	0.00	25,620	0	0	25,620
A-C 9 Equity Increases	4	0.00	348,956	0	0	348,956
A-C 14 FTE Unclassified Geologist Subsurface Min. Prog	10	1.00	212,739	0	0	212,739
A-C 15 FTE Eng. Tech for Core Library	11	1.00	152,893	0	0	152,893
A-C 16 FTE Administrative Staff Officer	12	0.35	47,001	0	0	47,001
A-C 20 Reboxing Program in Core and Sample Library	14	0.00	15,000	0	0	15,000
A-C 18 FTE Unclassified Geologist Surface Mapping Prog	16	1.00	208,642	0	0	208,642

CHANGE PACKAGE DETAIL

405 Industrial Commission

Bill#: HB1014

Date: 01/13/2011

Time: 11:29:46

Biennium: 2011-2013

Program: Geological Survey			Reporting Level: 00-405-300-01-00-00-00000000			
Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds
Total Ongoing Optional Changes		3.35	1,010,851	0	0	1,010,851
Total Optional Budget Changes		3.35	1,188,251	0	0	1,188,251
<u>Optional Savings Changes</u>						
A-G 5 97% Budget Optional Savings	2	0.00	(94,329)	0	0	(94,329)
Total Optional Savings Changes		0.00	(94,329)	0	0	(94,329)

PROGRAM NARRATIVE**405 Industrial Commission****Date:** 01/13/2011**Time:** 11:29:46**Program:** Oil & Gas**Reporting level:** 00-405-300-02-00-00-00-00000000**Program Performance Measures****PERMIT PROCESSING**

The Oil & Gas Division has seen a large increase in the number of drilling permit applications. Although the average permit processing time has increased from an average of 13 days in 2008 to over 20 days today, processing efficiency has increased dramatically allowing a greater volume of permits to be processed.

The Oil & Gas Division processes UIC permits in approximately 25 days.

WELL AND SITE CONSTRUCTION REGULATION

The Oil & Gas Division witnesses a very high percentage of mechanical integrity tests and rigorously enforces well construction rules designed to protect underground drinking water. Without this program 8% of injection and temporary abandoned wells and 5% of newly drilled wells could have undetected mechanical problems that could endanger ground water resources.

The Oil and Gas Division regulates spill containment through diking and site construction rules.

CONSERVATION AND CORRELATIVE RIGHTS

The Oil & Gas Division prevents waste and protects correlative rights primarily through Enhanced Oil Recovery (EOR) and gas flaring restrictions. EOR production has increased and the Oil & Gas Division continues to approve several EOR projects each year. Gas flaring has increased in recent years due to oil development in areas with limited gas gathering infrastructure. New gas plants have recently been constructed and existing gas plants have been expanded, as a result, gas flaring is currently declining.,

PROGRAM NARRATIVE**405 Industrial Commission****Date:** 01/13/2011**Time:** 11:29:46**Program:** Oil & Gas**Reporting level:** 00-405-300-02-00-00-00-00000000**OUTREACH-CUSTOMER SERVICE**

The Oil & Gas Division website currently provides over 75,500 electric logs, 19,500 well files, 200,000 formation tops, core data, etc for access by industry, government, and the public.

Streaming audio of our live hearings can be accessed from the Oil & Gas Division website. We also have provided a map on the website allowing interested parties to visually locate cases by area.

The Oil & Gas Division measures customer satisfaction with our hearing process, office visits, and website. Customers gave us high ratings in all three areas.

Program Statistical Data

The Oil & Gas Division regulates approximately 6,500 oil, gas, and injection wells and permits approximately 1,500 new and re-entry wells and geophysical exploration projects involving 300 square miles and 50,000 shot points each year.

Current oil and gas industry production is approximately 320,000 barrels of oil and 600,000 barrels of water per day, approximately 19% from active enhanced recovery units.

The Oil & Gas Division web site received more than double the number of hits than in 2008.

The Oil & Gas Division will hear approximately 2,000 cases this year which is over five times the previous 10-year average.

Explanation of Program Costs

PROGRAM NARRATIVE**405 Industrial Commission****Date:** 01/13/2011**Time:** 11:29:46**Program:** Oil & Gas**Reporting level:** 00-405-300-02-00-00-00-00000000

General Fund budgeted costs are primarily salaries and benefits (83% for the Oil & Gas Division). Federal funds for protection of fresh water supplies are not increasing as rapidly as program costs due to inflation and federal environmental mandates. However, the agency continues to have statutory responsibilities to protect fresh water supplies.

Operating budgets are primarily Lease/Rent (22%) for the Bismarck office, warehouse, and three Oil & Gas Division field offices; Travel (50%) three fourths of which is state fleet vehicle mileage for field work, and IT (11%) two thirds of which is ITD data processing - telecommunications - contractual services. Only about one fourth of IT expenses is for desktop PCs and less than one tenth is for software and supplies.

Program Goals and Objectives

Goals for the Oil & Gas Division are to effectively and efficiently accomplish the statutory responsibilities of the Industrial Commission for the regulation of oil and gas drilling, geophysical exploration, development, and production in a manner that will be most beneficial to the producer, royalty owner, citizens of the state; and to facilitate electronic storage of and access to oil and gas production, reservoir, well, and geophysical exploration data to be used by industry, royalty owners, and other governmental agencies.

The objectives of the Oil and Gas Division are to continue providing the timely engineering, geological, and legal analysis necessary for the Industrial Commission to effectively and efficiently enforce North Dakota's oil and gas conservation statutes; continue the effective field supervision of drilling, geophysical exploration, production of oil and gas, underground injection, and reclamation of lands disturbed by oil and gas development; implement electronic filing of oil and gas information; and improve storage and access to computerized geophysical exploration, production, and well information data to industry, royalty owners, other governmental agencies, and the public.

REQUEST DETAIL BY PROGRAM

405 Industrial Commission

Bill#: HB1014

Date: 01/13/2011

Time: 11:29:46

Biennium: 2011-2013

Program: Oil & Gas Reporting Level: 00-405-300-02-00-00-00000000

Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Request 2011-2013
Salaries and Wages					
Salaries - Permanent	3,780,319	4,865,927	(316,243)	4,549,684	1,238,076
Salaries - Other	0	0	0	0	934,613
Temporary Salaries	3,132	31,992	130,657	162,649	50,506
Fringe Benefits	1,147,395	1,667,696	(103,463)	1,564,233	505,892
Reduction In Salary Budget	0	0	0	0	(279,029)
Total	4,930,846	6,565,615	(289,049)	6,276,566	2,450,058

Salaries and Wages

General Fund	4,487,874	6,127,610	(61,045)	6,066,565	1,977,685
Federal Funds	188,915	202,096	7,905	210,001	0
Special Funds	254,057	235,909	(235,909)	0	472,373
Total	4,930,846	6,565,615	(289,049)	6,276,566	2,450,058

Operating Expenses

Travel	440,544	828,033	(110,670)	717,363	689,237
Supplies - IT Software	21,588	19,800	(1,800)	18,000	19,000
Supply/Material-Professional	5,352	6,000	0	6,000	0
Food and Clothing	1,675	2,850	0	2,850	4,200
Bldg, Ground, Maintenance	5,103	6,000	0	6,000	0
Miscellaneous Supplies	12,530	17,000	(3,000)	14,000	19,500
Office Supplies	13,261	11,000	0	11,000	8,500
Postage	12,481	8,750	0	8,750	0
Printing	5,541	5,000	0	5,000	0
IT Equip Under \$5,000	66,931	83,600	(5,100)	78,500	26,000
Other Equip Under \$5,000	1,750	11,140	0	11,140	0
Office Equip & Furn Supplies	0	1,500	0	1,500	0
Utilities	1,247	1,100	0	1,100	0
Insurance	5,520	8,000	0	8,000	0
Rentals/Leases-Equip & Other	30	30	0	30	0
Rentals/Leases - Bldg/Land	293,205	310,724	40,000	350,724	0
Repairs	17,806	21,000	0	21,000	0
IT - Data Processing	76,054	92,137	39,406	131,543	34,000
IT - Communications	48,707	81,243	(1,968)	79,275	24,000
IT Contractual Svcs and Rprs	3,000	7,800	0	7,800	0
Professional Development	14,684	18,000	0	18,000	6,500
Operating Fees and Services	53,724	48,000	0	48,000	47,000
Fees - Professional Services	2,607	5,000	0	5,000	0
Medical, Dental and Optical	300	291	0	291	0

REQUEST DETAIL BY PROGRAM

405 Industrial Commission

Bill#: HB1014

Date: 01/13/2011

Time: 11:29:46

Biennium: 2011-2013

Program: Oil & Gas		Reporting Level: 00-405-300-02-00-00-00000000			
Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Request 2011-2013
Total	1,103,640	1,593,998	(43,132)	1,550,866	877,937
Operating Expenses					
General Fund	1,077,495	1,510,866	40,000	1,550,866	631,937
Federal Funds	0	0	0	0	0
Special Funds	26,145	83,132	0	0	246,000
Total	1,103,640	1,593,998	(43,132)	1,550,866	877,937
Capital Assets					
IT Equip/Sftware Over \$5000	9,997	0	0	0	0
Total	9,997	0	0	0	0
Capital Assets					
General Fund	9,997	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	9,997	0	0	0	0
Total Expenditures	6,044,483	8,159,613	(249,049)	7,827,432	3,327,995
Funding Sources					
General Fund					
Total	5,575,366	7,638,476	(21,045)	7,617,431	2,609,622
Federal Funds					
R048 UIC Oil & Gas	188,915	202,096	7,905	210,001	0
Total	188,915	202,096	7,905	210,001	0
Special Funds					
493 Lands and Minerals Trust Fund 493F	280,202	319,041	(235,909)	0	718,373
Total	280,202	319,041	(235,909)	0	718,373
Total Funding Sources	6,044,483	8,159,613	(249,049)	7,827,432	3,327,995
FTE Employees	35.27	39.65	(1.00)	38.65	14.65

CHANGE PACKAGE DETAIL

405 Industrial Commission

Bill#: HB1014

Date: 01/13/2011

Biennium: 2011-2013

Time: 11:29:46

Program: Oil & Gas			Reporting Level: 00-405-300-02-00-00-00000000			
Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds

Base Budget Changes**One Time Budget Changes**

A-E 1 Removal of 09-11 Biennium One-Time		0.00	0	0	(83,132)	(83,132)
Total One Time Budget Changes		0.00	0	0	(83,132)	(83,132)

Ongoing Budget Changes

A-A 2 Base Budget Changes to Meet 100%		0.00	218,914	0	0	218,914
Base Payroll Change		(1.00)	(239,959)	7,905	(235,909)	(467,963)
Total Ongoing Budget Changes		(1.00)	(21,045)	7,905	(235,909)	(249,049)
Total Base Budget Changes		(1.00)	(21,045)	7,905	(319,041)	(332,181)

Optional Budget Changes**Ongoing Optional Changes**

A-C 7 Restoration/Inflation	1	1.00	303,949	0	0	303,949
A-C 8 Funding Source Change 09-11 Contingency	3	2.00	319,219	0	0	319,219
A-C 9 Equity Increases	4	0.00	934,613	0	0	934,613
A-C 10 Unclassified Petroleum Engineer FTE	5	1.00	192,393	0	0	192,393
A-C 11 (4) FTE Eng. Tech/Field Inspector	6	4.00	718,373	0	0	718,373
A-C 12 FTE Eng Tech Measurement Specialist	7	1.00	179,593	0	0	179,593
A-C 13 FTE Production Analyst	8	1.00	118,503	0	0	118,503
A-C 16 FTE Administrative Staff Officer	12	0.65	71,502	0	0	71,502
A-C 17 Contingency (4) FTE Eng. Tech .	20	4.00	0	0	718,373	718,373
Total Ongoing Optional Changes		14.65	2,838,145	0	718,373	3,556,518
Total Optional Budget Changes		14.65	2,838,145	0	718,373	3,556,518

Optional Savings Changes

A-G 5 97% Budget Optional Savings	2	0.00	(228,523)	0	0	(228,523)
Total Optional Savings Changes		0.00	(228,523)	0	0	(228,523)

PROGRAM NARRATIVE**405 Industrial Commission****Date:** 01/13/2011**Time:** 11:29:46**Program:** Public Finance Authority**Reporting level:** 00-405-500-00-00-00-00-00000000**Program Performance Measures**

The NDPFA provided funding on a timely basis to those political subdivisions seeking low-cost financing for their capital projects. During 2009 the NDPFA approved under the State Revolving Fund Program \$20,798,958 of Clean Water SRF Program loans and \$36,987,610 of Drinking Water SRF Program loans.

Program Statistical Data

Under the Capital Financing Program established in April of 1990, the NDPFA has made 164 loans to political subdivisions in the total principal amount of \$86,663,016. These totals include 17 State School Construction Fund leases purchased from the State Board of Public Instruction in 1994 in the total principal amount of \$6,300,205. The NDPFA had \$11,088,628 loans outstanding as of December 31, 2009. All CFP loans are normally made with bond proceeds. The NDPFA has also made 47 direct loans as investments of CFP assets, rather than using bond proceeds, in the amount of \$7,760,898. These direct loans are generally for terms of less than five years. As of December 31, 2009, the NDPFA had \$2,447,875 in outstanding direct loans.

The State Revolving Fund Program consists of a Clean Water SRF Program and a Drinking Water SRF Program. As of December 31, 2009, under the Clean Water SRF Program established in October 1990, the NDPFA has approved 201 loans to political subdivisions in the total principal amount of \$296,995,515 and has funded \$246,912,145 of this amount (SRFP loans are funded as construction costs are incurred). As of December 31, 2009 under the Drinking Water SRF Program, established in October, 1998, the NDPFA has approved 134 loans to political subdivisions in the total principal amount of \$257,826,111 and has funded \$190,962,626 of this amount. These loans are made at below-market interest rates (during 2009 the rate was 2.5%) for the construction of wastewater treatment works and public water systems. As of December 31, 2009 the total amount of SRF Program Bonds outstanding was \$146,135,000 and the total outstanding amount of SRF Program loans was \$314,639,503.

PROGRAM NARRATIVE**405 Industrial Commission****Date:** 01/13/2011**Time:** 11:29:46**Program:** Public Finance Authority**Reporting level:** 00-405-500-00-00-00-00000000**Explanation of Program Costs**

All program costs for the NDPFA are from revenues of the NDPFA. No General Fund dollars are utilized for the operations of the NDPFA. Salaries and wages for the NDPFA's employees comprise the largest single program cost.

Program Goals and Objectives

- To provide market and below-market interest rate loans to North Dakota political subdivisions and other qualifying organizations at low costs of issuance and in compliance with federal tax laws and regulations and State law.
- To administer the NDPFA's programs in such a manner as to assure credit ratings that allow the NDPFA to sell its bonds at low interest rates. In turn those low interest rates can be passed on to the political subdivision. Current rating for the State Revolving Fund program is Aaa from Moody's Investors Services. The Capital Financing Program has a rating of A+.
- To develop new programs as needed to meet the financing needs of the political subdivisions and other qualifying organizations for capital projects and economic development opportunities.
- To encourage economic development by offering to purchase qualified small issue bonds. For those entities that qualify for this program, it provides a way to secure long-term fixed rate borrowings at tax-exempt rates. As originally approved by the 2005 legislature, in order to limit the State's exposure and create a diversified group of borrowers, the program has limits of \$2,000,000 per borrower and \$20,000,000 for the entire program.
- To provide the services of the NDPFA to other state agencies that have the authority to issue debt through an administrative agreement between those agencies and the NDPFA. This concept was introduced and approved during the 2005 Legislative Session to create more efficient government by allowing any state agency to utilize the existing resources and expertise of the NDPFA staff.
- To act as the financial agent for the Health Department in administering and managing the finances of the State Revolving Fund Program. Revolving loan funds have been established under North Dakota Century Code chs. 61-28.1 and 61-28.2 for the SRF Program. By establishing these statutory revolving loan funds, the State, through the Health Department, is eligible to receive capitalization grants from the federal Environmental Protection Agency. Under the SRF Program, bonds are sold by the NDPFA to provide state match dollars and leverage loan dollars. These funds, together with the capitalization grants, are used to make below-market interest rate loans to political subdivisions for qualified wastewater treatment and public water system projects.
- To provide accounting services to other state agencies as requested. Currently the NDPFA accounting staff provides accounting services to other Industrial Commission entities.

PROGRAM NARRATIVE**405 Industrial Commission****Date:** 01/13/2011**Time:** 11:29:46**Program:** Public Finance Authority**Reporting level:** 00-405-500-00-00-00-00-00000000

REQUEST DETAIL BY PROGRAM

405 Industrial Commission

Bill#: HB1014

Date: 01/13/2011

Biennium: 2011-2013

Time: 11:29:46

Program: Public Finance Authority		Reporting Level: 00-405-500-00-00-00-00000000			
Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Request 2011-2013
Salaries and Wages					
Salaries - Permanent	203,567	325,273	(30,513)	294,760	0
Fringe Benefits	62,118	116,960	(6,396)	110,564	0
Total	265,685	442,233	(36,909)	405,324	0
Salaries and Wages					
General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	265,685	442,233	(36,909)	405,324	0
Total	265,685	442,233	(36,909)	405,324	0
Operating Expenses					
Travel	3,766	12,000	8,000	20,000	0
Supplies - IT Software	229	3,600	0	3,600	0
Supply/Material-Professional	800	4,000	0	4,000	0
Miscellaneous Supplies	0	2,000	0	2,000	0
Office Supplies	2,286	5,000	0	5,000	0
Postage	421	2,000	0	2,000	0
Printing	150	1,000	0	1,000	0
IT Equip Under \$5,000	3,054	8,000	0	8,000	0
Insurance	436	1,000	0	1,000	0
Rentals/Leases-Equip & Other	0	2,000	0	0	0
Rentals/Leases - Bldg/Land	0	24,000	0	24,000	0
IT - Data Processing	3,269	7,200	0	10,000	0
IT - Communications	5,864	10,000	0	10,000	0
IT Contractual Svcs and Rprs	1,548	2,200	0	2,200	0
Professional Development	7,330	16,800	0	16,800	0
Operating Fees and Services	0	16,000	0	16,000	0
Fees - Professional Services	46,636	100,000	0	100,000	0
Total	75,789	216,800	8,000	225,600	0
Operating Expenses					
General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	75,789	216,800	8,800	225,600	0
Total	75,789	216,800	8,000	225,600	0
Capital Assets					
Equipment Over \$5000	0	11,000	(11,000)	0	0

REQUEST DETAIL BY PROGRAM

405 Industrial Commission

Biennium: 2011-2013

Bill#: HB1014

Date: 01/13/2011

Time: 11:29:46

Program: Public Finance Authority		Reporting Level: 00-405-500-00-00-00-00000000			
Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Request 2011-2013
Total	0	11,000	(11,000)	0	0
Capital Assets					
General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	11,000	(11,000)	0	0
Total	0	11,000	(11,000)	0	0
Total Expenditures	341,474	670,033	(39,109)	630,924	0
Funding Sources					
Special Funds					
900 Public Finance Authority	341,474	670,033	(39,109)	630,924	0
Total	341,474	670,033	(39,109)	630,924	0
Total Funding Sources	341,474	670,033	(39,109)	630,924	0
FTE Employees	2.75	2.75	0.00	2.75	0.00

CHANGE PACKAGE DETAIL

405 Industrial Commission

Bill#: HB1014

Date: 01/13/2011

Time: 11:29:46

Biennium: 2011-2013

Program: Public Finance Authority			Reporting Level: 00-405-500-00-00-00-00000000			
Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds

Base Budget Changes**Ongoing Budget Changes**

A-A 6 Base Budget Changes		0.00	0	0	8,800	8,800
A-F 3 Remove 09-11 Biennium Capital Assets		0.00	0	0	(11,000)	(11,000)
Base Payroll Change		0.00	0	0	(36,909)	(36,909)
Total Ongoing Budget Changes		0.00	0	0	(39,109)	(39,109)
Total Base Budget Changes		0.00	0	0	(39,109)	(39,109)